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IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1977

No. 77-1640

CLARK EQUIPMENT COMPANY,
Petitioner,

versus

LOUIS J. KELLER and CYRIL N. KELLER,
Respondents.

RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

MALCOLM L. MOORE
HERMAN H. BAINS
WILLIAMSON, BAINS, MOORE & HANSEN
465 Pillsbury Building
Minneapolis, Minnesota 55402
Attorneys for Petitioner

St. Louis Law Printing Co., Inc., 812 Olive Street 63101 314-231-4477

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NOW COME Respondents, Louis J. Keller and Cyril N. Keller, and respectfully pray that the petition for a writ of certiorari to the United States Court of Appeals for the Eighth Circuit be denied.

STATEMENT OF THE CASE

Petitioner's Statement with respect to the background of the litigation between the parties leading to its petition herein is reasonably accurate. In addition, it should be noted that the

license agreement between the parties grants to Petitioner an exclusive license under the three patents as to which a validity determination has been made by the Court of Appeals for the Eighth Circuit.

Respondent does not concur with Petitioner's argumentative statement as to the scope and content of the applicable prior art, the subject matter covered by the claims of the '503 patent and the differences between the claimed subject matter and the prior art. Each of the four claims of the '503 patent is directed to a transmission system for selectively transmitting forward and reverse driving power to propulsion wheels on opposite sides of a vehicle. In addition to an over and under drive chain for transmitting power from two sets of clutch plate assemblies to propulsion wheels, the claimed transmission system also comprises the cam actuating mechanism for the clutches shown in Figs. 3 and 4 of the '503 patent. (App. 1). The differences between the claimed subject matter of the '503 patent and the prior art supporting the determination of non-obviousness are summarized by the Court of Appeals at pages A-15, A-16 of Clark's petition.

The Court of Appeals affirmed the decision of the District Court upholding the validity of the '503 patent on the grounds that Clark failed to prove how the prior art could be combined to meet the claimed structure of the '503 patent without hindsight. (Petition, A-18, 19).

REASONS FOR NOT GRANTING THE WRIT

1. There Is No Conflict With the Decisions of This Court or With Those of Other Circuits.

In urging conflict with the decisions of this Court in *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273 (1976) and *Dann v. Johnston*, 425 U.S. 219 (1976), Petitioner has not accurately set forth the manner in which the synergism issue was treated by both the District Court and the Court of Appeals for the Eighth Circuit. The record clearly shows that a finding constituting a synergistic effect was made by the District Court and noted with approval by the Court of Appeals in affirming the holding of validity as to the '503 patent. That finding appears at B-31, 32 in the petition. In essence, there was a conclusion of an *unexpected result* flowing from the manner in which clutches were installed and actuated by a cam mechanism to "maintain steering and forward and reverse control in a smooth and effective manner from the operator's compartment."

In addressing the synergism issue, the Court of Appeals stated as follows:

> "A careful reading of the District Court's opinion reveals that determinations of the novelty and *unexpectedness of the combinative effect of the elements of the 503 patent* underlie the District Court's entire analysis of obviousness under § 103. Form would triumph over substance were we to hold this analysis inadequate for lack of specific reference to synergism, particularly in view of Clark's failure to place the issue of synergistic effect into issue prior to or during trial." (Petition, A-18, *emphasis added*).

Thus, contrary to Petitioner's assertion, the Court of Appeals did not conclude that no synergism determination was necessary. Having found that such a determination had in effect been made

by the District Court's giving "adequate consideration to the effect of the combination of elements in the 503 patent" (Petition, A-17), the Court of Appeals concluded that it need not address the question of whether a synergism analysis was mandatory.

The Court of Appeals noted in passing that the inventions involved in *Great Atlantic and Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147 (1951), *Anderson's Black Rock, Inc. v. Pavement Salvage Co., Inc.*, 396 U.S. 57 (1969) and *Sakraida*, supra, were of the simple variety. However, that was dicta. The Eighth Circuit most clearly did not decline to apply synergism to the '503 patent on any grounds, including the complexity of the invention. It found that the '503 patent was correctly held to be valid on the basis of a thorough and exhaustive application of 35 U.S.C. § 103 and the guidelines from *Graham v. John Deere Co.*, 383 U.S. 1 (1966), including findings constituting a determination of a synergistic effect. (Petition, A-15 through A-19).

Accordingly, the record below clearly refutes Petitioner's assertion that the Court of Appeals for the Eighth Circuit is out of step with other circuits or is not properly applying this Court's rulings involving the application of synergism in obviousness determinations under 35 U.S.C. §103.

2. **The Court of Appeals Did Not Err in Its Determination of Nonobviousness Under 35 U.S.C. §103.**

Petitioner misstates the record when it asserts that the difference over the prior art resided only in the substitution of disc clutches for an alleged "belt-as-clutch" drive. This assertion was made at trial and on appeal and rejected by both courts below. Petitioner continues to erroneously ignore the cam actuating mechanism for the clutches set forth in all of the

claims of the '503 patent. See the District Court's analysis of the claims of the '503 patent at B-26, 27 of the petition.

The "gap" in the prior art lay in the problem of how to install and actuate clutches, in the machine and mechanism of the type disclosed in the '503 patent, in such a way as to achieve smooth, safe and effective steering and driving control. That "gap" found by the District Court is referenced affirmatively and restated by the Court of Appeals at A-16 of the petition.

In attempting to prove obviousness under 35 U.S.C. §103, Clark relied at trial on a combination of Velo, Schreck and Hellwarth as prior art. However, even with the admitted application of hindsight (Petition, A-19 and Fact Finding 47 set forth at B-22), Clark's expert witness, Mr. Butler, was not able to reconstruct the claimed structure in reliance on these references as prior art in such a way as to arrive at an operative drive mechanism. See Fact Finding 46 at B-21 of the petition.

With respect to the question of nonobviousness under 35 U.S.C. §103, it is not clear what prior art Petitioner would have this Court now apply. Clark relied at trial on the Velo loader as its basic reference; however, the Velo loader was held to be an experimental machine, inapplicable as prior art. Clark has not challenged that finding below in its petition. In footnote 7 on page 14 of its petition, Clark appears to acknowledge that Velo is not prior art by referring to the substitution of disc clutches and actuator from Schreck and Hellwarth "for the prior art belt-as-clutch arrangement similar to the White patent." However, Petitioner never introduced any evidence as to how White might be relied on alone or in combination with Schreck and Hellwarth to allegedly meet the claimed structure of the '503 patent. (Petition, A-15 and B-28).

The record below clearly shows that Clark failed to meet its threshold burden of proving by substantial evidence how ele-

ments of the applicable prior art could be combined, without hindsight, to meet the claimed structure. (Petition, A-19 and B-29, 30 and 31). Having failed to even meet that basic burden, Petitioner was hardly in a position to argue the lack of a synergistic effect of the claimed combination. Indeed, Petitioner did not present any such evidence at trial. (Petition, A-17).

CONCLUSION

The fact is that Petitioner failed to meet its burden of proving by substantial evidence that the invention claimed in the '503 patent is obvious under 35 U.S.C. §103. Petitioner now seeks before this Court, as it did before the Court of Appeals for the Eighth Circuit, to save its case by asserting error by the District Court with respect to the application of synergism in the determination of nonobviousness under 35 U.S.C. §103. For the reasons set forth above, that assertion is simply not supported by the record below.

Accordingly, the petition for certiorari should be denied and such action is respectfully requested.

Respectfully submitted,

MALCOLM L. MOORE

HERMAN H. BAINS
WILLIAMSON, BAINS, MOORE & HANSEN
465 Pillsbury Building
Minneapolis, Minnesota 55402
Attorneys for Petitioner